

**UMASIPALA WASE DANNHAUSER
DANNHAUSER MUNICIPALITY
DANNHAUSER MUNISIPALITEIT**



**FINANCIAL STATEMENTS FOR
FOR THE YEAR 30 JUNE 2014**

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

General Information

Members of the council

Cllr JP Phakathi	Mayor
Cllr VM Ndaba	Deputy Mayor
Cllr ZS Ngubeni	Speaker
Cllr MA Ngidi	Chief Whip
Cllr PP Nene	Party Whip
Cllr ES Kunene	Party Whip
Cllr MA Sibeko	EXCO Member
Cllr TV Mabanga	EXCO Member
Cllr AN Radebe	Member
Cllr NGJ Manyathi	Member
Cllr MA Buthelezi	Member
Cllr HV Mdakane	Member
Cllr SN Ndlovu	Member
Cllr AH Buthelezi	Member
Cllr MR Nyembe	Member
Cllr NM Majola	Member
Cllr MP Sithole	Member
Cllr NS Hlongwane	Member
Cllr LL Nxumalo	Member
Cllr NJ Mhlungu	Member
Cllr MB Shabalala	Member

Grading of local authority

Grade 2

Municipal Manager

Mr.WB Nkosi

Chief Financial Officer (CFO)

Mrs. DM Mohapi

Registered office

Dannhauser Municipality

Physical address

8 Church Street
Dannhauser
3080

Postal address

Private Bag X1011
Dannhauser
3080

E-mail address

municipalmanager@dannhauser.gov.za

Telephone number

(034) 621 2666

Fax number

(034) 621 3114

Bankers

First National Bank-Newcastle

Auditors

Auditor General of South Africa

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are responsible for reporting on the fair presentation of the annual financial statements.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP).

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

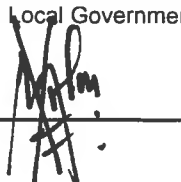
The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2014 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the income from services, rates and grants for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the council has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 50, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared on the going concern basis and were approved by the Accounting officer.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 21 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act'.

Mr.WB Nkosi
Municipal Manager
29 August 2014



Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Statement of Financial Position as at 30 June 2014

Figures in Rand	Note(s)	2014	2013
ASSETS			
Current Assets			
Receivables from exchange transactions	3	1,827,068	327,756
VAT receivable	4	875,100	1,099,489
Receivables from Non Exchange Transactions	5	2,480,481	2,123,893
Cash and cash equivalents	6	20,445,381	36,019,035
		25,628,030	39,570,173
Non-Current Assets			
Investment property	7	8,661,856	8,708,000
Property, plant and equipment	8	234,510,799	234,451,243
Intangible assets	9	24,934	46,187
Heritage assets	10	55,576	55,576
		243,253,165	243,261,006
Total Assets		268,881,195	282,831,179
LIABILITIES			
Current Liabilities			
Operating lease liability	11	-	6,664
Payables from exchange transactions	12	9,521,749	8,567,318
Unspent conditional grants and receipts	13	2,281,612	23,412,522
Provisions	14	3,588,638	3,417,750
		15,391,999	35,404,254
Non-Current Liabilities			
Retirement benefit obligation	15	3,926,000	14,842,988
Total Liabilities		19,317,999	50,247,242
Net Assets		249,563,196	232,583,937
Accumulated surplus		249,563,196	232,583,937

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Statement of Financial Performance

Figures in Rand	Note(s)	2014	2013
Revenue			
Service charges	16	852,014	826,492
Rental of facilities and equipment	27	164,231	127,651
Licences and permits		1,436,842	1,211,015
Other income	17	8,596,955	566,028
Interest received - investment		1,410,400	1,047,737
Property rates	18	11,666,910	8,693,165
Government grants & subsidies	19	97,627,142	71,907,522
Fines		475,423	282,098
Total revenue		122,229,917	84,661,708
Expenditure			
Employee related costs	20	(17,903,676)	(17,754,122)
Remuneration of councillors	21	(4,821,313)	(4,356,576)
Depreciation and amortisation	22	(25,304,524)	(22,718,009)
Impairment loss	23	-	(2,631,163)
Repairs and maintenance		(4,906,959)	(3,680,989)
Grants Expense	24	(4,745,820)	(3,316,633)
General expenses	25	(57,612,961)	(25,614,207)
Total expenditure		(115,295,253)	(80,071,699)
Operating surplus		6,934,664	4,590,009
(Loss) gain on disposal of assets and liabilities		(547,124)	141,394
Fair value adjustments	36	127,247	-
Impairment Loss	37	(481,796)	-
		(901,673)	141,394
Surplus for the year		6,032,991	4,731,403

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2012	226,522,114	226,522,114
Changes in net assets		
Transfer out	(136,637)	(136,637)
Revaluation	1,038,787	1,038,787
Net income recognised directly in net assets	902,150	902,150
Surplus for the period	4,731,403	4,731,403
Total recognised income and expenses for the period	5,633,553	5,633,553
Housing Development Fund	428,270	428,270
Total changes	6,061,823	6,061,823
Balance at 01 July 2013	232,583,937	232,583,937
Changes in net assets		
Surplus for the period	6,032,991	6,032,991
Surplus	88,195	88,195
Prior Year Adjustment	10,858,073	10,858,073
Total changes	16,979,259	16,979,259
Balance at 30 June 2014	249,563,196	249,563,196

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Cash Flow Statement

Figures in Rand	Note(s)	2014	2013
Cash flows from operating activities			
Receipts			
Sale of goods and services		14,431,189	11,387,537
Grants		76,274,000	93,947,159
Interest received		1,410,400	1,047,737
Other receipts		8,761,186	813,145
		<u>100,876,775</u>	<u>107,195,578</u>
Payments			
Employee costs		(22,272,859)	(19,054,628)
Suppliers		(55,095,697)	(35,924,438)
Grants and subsidies paid		(37,166,046)	(3,316,633)
		<u>(114,534,602)</u>	<u>(58,295,699)</u>
Net cash flows from operating activities	28	(13,657,827)	48,899,879
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(1,537,847)	(25,941,723)
Proceeds from sale of property, plant and equipment	8	59,592	159,747
Proceeds from sale of investment property	7	46,144	-
Purchase of other intangible assets	9	(28,422)	(1,895)
Proceeds from sale of other intangible assets	9	26,502	-
Purchases of Investments		-	(3,389,944)
Proceeds from sale		(481,796)	-
Net cash flows from investing activities		(1,915,827)	(29,173,815)
Net increase/(decrease) in cash and cash equivalents		(15,573,654)	19,726,064
Cash and cash equivalents at the beginning of the year		36,019,035	16,292,971
Cash and cash equivalents at the end of the year	6	20,445,381	36,019,035

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Statement of Comparison of Budget and Actual Information

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	905,674	-	905,674	852,014	(53,660)
Rental of facilities and equipment	112,704	(112,704)	-	164,231	164,231
Licences and permits	2,054,900	(1,155,080)	899,820	1,436,842	537,022
Other income	601	(601)	-	-	-
Other income	2,432,681	-	2,432,681	8,596,955	6,164,274
Government grants	40,028,000	-	40,028,000	-	(40,028,000)
Interest received - investment	1,315,536	218,139	1,533,675	1,410,400	(123,275)
Total revenue from exchange transactions	46,850,096	(1,050,246)	45,799,850	12,460,442	(33,339,408)

Revenue from non-exchange transactions

Taxation revenue

Property rates	9,312,916	651,603	9,964,519	11,666,910	1,702,391
Property rates - penalties imposed	50,375	-	50,375	-	(50,375)
Government grants & subsidies	111,574,000	4,200,000	115,774,000	97,627,142	(18,146,858)

Transfer revenue

Fines	500,000	(388,500)	111,500	475,423	363,923
Total revenue from non-exchange transactions	121,437,291	4,463,103	125,900,394	109,769,475	(16,130,919)
Total revenue	168,287,387	3,412,857	171,700,244	122,229,917	(49,470,327)

Expenditure

Employee related costs	(22,330,114)	(5,499,881)	(27,829,995)	(17,903,676)	9,926,319
Remuneration of councillors	(5,411,867)	5,411,867	-	(4,821,313)	(4,821,313)
Depreciation and amortisation	(1,873,844)	1,873,844	-	(25,304,524)	(25,304,524)
Repairs and maintenance	(5,373,707)	780,000	(4,593,707)	(4,906,959)	(313,252)
Grants and subsidies paid	(70,390,000)	(67,942)	(70,457,942)	(4,745,820)	65,712,122
General Expenses	(22,300,632)	(8,151,889)	(30,452,521)	(57,612,961)	(27,160,440)

Total expenditure	127,680,164	5,654,001	133,334,165	115,295,253	(18,038,912)
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Operating surplus/(deficit)	185,436,785	(147,070,706)	38,366,079	6,934,664	67,051,342
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Loss on disposal of assets and liabilities	-	-	-	(547,124)	(547,124)
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Fair value adjustments	-	-	-	127,247	127,247
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Impairment Loss	-	-	-	(481,796)	(481,796)
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	-	-	-	(901,673)	(901,673)
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Surplus	185,436,785	(147,070,706)	38,366,079	6,032,991	(32,333,088)
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Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(185,436,785)	147,070,706	(38,366,079)	(6,032,991)	32,333,088
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Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and budget s31 of the MFMA)	Final adjustments (i.t.o. council approved policy)	Shifting of funds (i.t.o. MFMA)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Financial Performance										
Property rates	11,966,794	(11,966,794)	-	-	-	11,666,910		11,666,910	DIV/0 %	97 %
Service charges	905,674	(905,674)	-	-	-	852,014		852,014	DIV/0 %	94 %
Investment revenue	1,533,675	(1,533,675)	-	-	-	1,410,400		1,410,400	DIV/0 %	92 %
Transfers recognised - operational	107,734,000	(107,734,000)	-	-	-	97,627,142		97,627,142	DIV/0 %	91 %
Other own revenue	22,689,419	(22,689,419)	-	-	-	10,800,698		10,800,698	DIV/0 %	48 %
Total revenue (excluding capital transfers and contributions)	144,829,562	(144,829,562)	-	-	-	122,357,164		122,357,164	DIV/0 %	84 %
Employee costs	(20,225,667)	20,225,667	-	-	-	(17,903,676)		(17,903,676)	DIV/0 %	89 %
Remuneration of councillors	(5,655,731)	5,655,731	-	-	-	(4,821,313)		(4,821,313)	DIV/0 %	85 %
Depreciation and asset impairment	(1,873,844)	1,873,844	-	-	-	(25,304,524)		(25,304,524)	DIV/0 %	1,350 %
Transfers and grants	164,000	(164,000)	-	-	-	(4,745,820)		(4,745,820)	DIV/0 %	(2,894)%
Other expenditure	(105,066,255)	105,066,255	-	-	-	(63,548,840)		(63,548,840)	DIV/0 %	60 %
Total expenditure	(132,657,497)	132,657,497	-	-	-	(116,324,173)		(116,324,173)	DIV/0 %	88 %
Surplus/(Deficit)	12,172,065	(12,172,065)	-	-	-	6,032,991		6,032,991	DIV/0 %	50 %
Surplus/(Deficit) for the year	12,172,065	(12,172,065)	-	-	-	6,032,991		6,032,991	DIV/0 %	50 %

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Summary of Significant Accounting Policies

1. BASIS OF ACCOUNTING

1.1 Basis of presentation

These Annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), including any interpretation, guidelines and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

These Annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.1.2 Presentation currency.

These Annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.1.3 Going concern assumption.

These Annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.1.4. Comparative information

Budget information in accordance with GRAP 1 and 24, has been provided in these financial statements and forms part of the audited financial statements.

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.1.5 Standards, amendments to standards and interpretations issued but not yet effective.

The following GRAP standards have been issued and have not been early adopted by the municipality:

GRAP 105 - Transfers of Functions Between Entities Under Common Control
GRAP 106 - Transfers of Functions Between Entities Not Under Common Control
GRAP 107 - Mergers
GRAP 18 - Segment Reporting
GRAP 32 - Service Concessions
GRAP 108 - Statutory Receivables

The Minister of Finance announced that the application of GRAP 21 and GRAP 103 will be effective for period starting after 1 April 2012. All other standards as listed above will only be effective when a date is announced by the Minister of Finance. Application of all of the above GRAP standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

Management has considered all of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Summary of Significant Accounting Policies

1.1 Basis of presentation (continued)

1.1.6 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables and loans and receivables

The municipality assesses its trade receivables and loans and receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the statement of financial performance, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, default and delinquency in payments are considered indicators that the trade receivables are impaired.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Effective interest rate

The municipality used the incremental borrowing rate to discount future cash flows.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates is included in note 14.

Depreciation, residual and impairment

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Defined benefit plan and other long term employee benefit

The municipality obtains actuarial valuations of its defined benefits plan and other long term employee benefits.

The defined benefit plan and other long term employee benefits identified are post retirement health benefit obligations. The estimated liabilities are recorded in accordance with GRAP 25. Additional information is disclosed in Note 15.

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Summary of Significant Accounting Policies

1.2 PROPERTY, PLANT AND EQUIPMENT

1.2.1 Initial recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.2.2 Subsequent measurement - cost and revaluation model

Subsequent to initial recognition, items of property, plant and equipment such as Other fixed assets are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

All other items of property, plant and equipment such as Infrastructure, Community and Buildings are carried at net replacement amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

The municipality shall revalue all its assets that are under revaluation model every 5 years.

1.2.3 Depreciation and impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Summary of Significant Accounting Policies

1.2 PROPERTY, PLANT AND EQUIPMENT (continued)

there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

1.2.4 Derecognition

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	
• Land	Indefinite
Buildings	30 years
Furniture and fixtures	7-10 years
•	7-10 years
Office equipment	3-5 years
IT equipment	30 years
Infrastructure	
• Roads and Paving	30 years
• Pedestrian malls	30 years
Community	
• Buildings	30 years
• Recreational Facilities	30 years
• Security	5 years
Other property, plant and equipment	
• Specialist Vehicles	10 years
• Other Vehicles	5 years
Landfill Site	15 years

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Summary of Significant Accounting Policies

1.3 Investment property

1.3.1 Initial recognition

Investment property includes property (land or a building, or part of a building, or both land or buildings held under an operating lease held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

Investment Property is initially recognised when future economic benefits or service potential are probable and the cost or fair value can be determined reliably.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

1.3.2 Subsequent measurement- cost model

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Investment property	30 years
---------------------	----------

1.4 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations. We have applied directive 4 Transitional arrangement.

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset. The impairment loss is recognised in surplus or deficit.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Summary of Significant Accounting Policies

1.4 Heritage assets (continued)

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Summary of Significant Accounting Policies

1.5 Financial instruments (continued)

- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Summary of Significant Accounting Policies

1.5 Financial instruments (continued)

- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

Dannhauser Local Municipality

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Summary of Significant Accounting Policies

1.7 Revenue

1.7.1 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrues to the entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable, excluding indirect taxes, rebates and discounts.

Recognition

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

- a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
 - b) The amount of revenue can be measured reliably; and
 - c) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.
- Revenue arising out of situations where the entity acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the entity as compensation for executing the agreed services.

Measurement

Revenue from exchange transactions is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement. Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

1.7.2 Revenue from non-exchange transactions

Recognition

Revenue from non-exchange transaction arises when the entity either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.

Measurement

An asset that is recognised as a result of a non-exchange transaction is recognised at its fair value at the date of the transfer. Consequently, revenue arising from a non-exchange transaction is measured at the fair value of the asset received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Summary of Significant Accounting Policies

1.7 Revenue (continued)

when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised on accrual basis, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

1.7.3 Grants, transfers and donations

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

1.8 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.9 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.10 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Summary of Significant Accounting Policies

1.11 Provision and Contingencies

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

The provision for landfill site is the cost of levelling the land in the next financial year. The landfill site is levelled on an annual basis, the provision is calculated based on the costs incurred in the current financial year in respect to levelling and this had been adjusted for inflation. The amount provided is the best estimate calculated.

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Summary of Significant Accounting Policies

1.12 Impairment of cash-generating assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.13 Value added tax

The Municipality is registered with SARS for VAT on the payments basis, in accordance with Sec15(2)(a) of the Value-Added Tax Act No 89 of 1991.

1.14 Employee benefits

1.14.1 Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected costs of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.14.2 Retirement benefits

Whilst employees and councillors are employed by the municipality, the municipality contributes to their medical aid and pension funds. On termination, resignation or retirement of employees and councillors the municipality contributes to the medical aid and pension funds on their behalf and thus there are no post employment benefits.

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Summary of Significant Accounting Policies

1.14 Employee benefits (continued)

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.15 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.16 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.17 Commitments

Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.

Commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases approved and contracted commitments; where the expenditure has been approved and the contract has been awarded at the reporting date; and where disclosure is required by a specific standard of GRAP. Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices, based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury.

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Summary of Significant Accounting Policies

1.17 Commitments (continued)

1.18 Budget information

Municipalities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the unaudited financial statements.

1.19 Grant In Aid

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not receive any goods or services directly in return, as would be expected in a purchase or sale transaction expect to be repaid in future; or expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period that the events giving rise to the transfer occurred.

1.20 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

1.21 Commitments

The municipality provides post-retirement housing subsidies for qualifying staff members. The payment of these subsidies is reflected as expenditure in the statement of financial performance.

1.22 Gratuities

The municipality provides gratuities for qualifying staff members in terms of the relevant conditions of employment. The expenditure is recognised in the statement of financial performance when the gratuity is paid.

1.23 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

1.24 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
2. Investments		
3. Receivables from exchange transactions		
Other Receivables	932,982	622,629
Sundry Debtors	584,579	-
Refuse	309,507	(294,873)
	1,827,068	327,756
Refuse and Rates were splitted to comply with GRAP 23.		
4. VAT receivable		
VAT	875,100	1,099,489
VAT is accounted for on the payments basis.		
All VAT returns were submitted throughout the year.		
5. Receivables from Non Exchange Transactions		
Gross balances		
Rates	11,792,674	8,499,891
Less: Allowance for impairment		
Rates	(9,312,193)	(6,375,998)
Net balance		
Rates	2,480,481	2,123,893
Rates		
Current (0 -30 days)	904,232	526,133
31 - 60 days	421,418	232,677
61 - 90 days	395,277	148,823
91 - 120 days	384,091	123,404
121 - 365 days	9,687,682	6,516,865
Allowance for Impairment	(9,312,193)	(6,375,998)
	2,480,507	1,171,904
Refuse		
Current (0 -30 days)	81,926	140,582
31 - 60 days	59,888	156,730
61 - 90 days	75,108	151,614
91 - 120 days	37,354	150,373
121 - 365 days	2,441,471	2,830,266
Allowance for Impairment	(2,386,240)	(2,772,421)
	309,507	657,144

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand

2014

2013

5. Receivables from Non Exchange Transactions (continued)

Summary of debtors by customer classification

Industrial/ commercial

Current (0 -30 days)	625,662	592,289
31 - 60 days	413,743	327,081
61 - 90 days	402,838	253,559
91 - 120 days	370,904	226,901
121 - 365 days	11,293,904	8,995,328
	13,107,051	10,395,158
Less: Allowance for impairment	(10,905,869)	(7,802,429)
	2,201,182	2,592,729

National and provincial government

Current (0 -30 days)	355,996	74,426
31 - 60 days	67,563	62,327
61 - 90 days	67,547	46,877
91 - 120 days	50,540	46,876
121 - 365 days	839,724	351,803
	1,381,370	582,309
Less: Allowance for impairment	(792,564)	-
	588,806	582,309

Total

Current (0 -30 days)	981,658	666,715
31 - 60 days	481,305	389,407
61 - 90 days	470,385	300,437
91 - 120 days	421,445	273,777
121 - 365 days	12,133,628	9,347,131
	14,488,421	10,977,467
Less: Allowance for impairment	(11,698,433)	(9,148,419)
	2,789,988	1,829,048

Reconciliation of allowance for impairment

Balance at beginning of the year	(9,148,419)	(7,353,457)
Contributions to allowance	(2,550,014)	(1,794,962)
	(11,698,433)	(9,148,419)

Refuse and Rates were splitted to comply with GRAP 23.

Consumer debtors past due but not impaired

Consumer debtors which are less than 5 months past due are not considered to be impaired. At 30 June 2014,R 2787283 - - (30 June 2013:R 1 ,829,049 -) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	986,158	666,715
2 months past due	481,306	389,408
3 months past due	470,385	300,437
4 months past due	421,445	273,777
5 months past due	427,990	198,712
	2,787,283	1,829,049

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
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5. Receivables from Non Exchange Transactions (continued)

Consumer debtors impaired

As of 30 June 2014, consumer debtors of R 14 488 421 (2013:R 10 77 439) were impaired and provided for.

The amount of the provision was R 11 698 433 as at 30 June 2014 (2013: R 9,148,419).

The ageing of these debtors are as follows:

3 to 6 months	11,698,433	9,148,419
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6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	218	395
Bank balances	685,768	22,008,618
Short-term deposits	19,759,395	14,007,249
Other cash and cash equivalents	-	2,773
	20,445,381	36,019,035

For the purpose of the statement of financial position and cash flow statement, cash and cash equivalents include Cashiers' Float of R200 and Petty cash on hand (17.18) , bank balance and investments. In terms of GRAP 1 and MFMA, Investments and Cash and Cash Equivalents must be consolidated.

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand

2014

2013

6. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2014	30 June 2013	30 June 2012	30 June 2014	30 June 2013	30 June 2012
Standard Bank-Current Account - 060032073 - Main Account	101,236	433,742	-	102,617	435,123	-
First National Bank- Cheque Account - 62369194106	1,764,101	2,926,417	-	581,573	(1,913,235)	-
First National Bank - Call Account - 62392884659	1,578	23,486,731	-	1,578	23,486,731	-
Standard Bank - Notice Account - 068483295002	807,665	771,461	-	807,665	771,461	-
Standard Bank - Call Account - 068480520001	2,356,194	2,276,451	-	2,356,194	2,276,451	-
Standard Bank - Call Account - 26843636894001	2,761,218	3,259,202	-	2,761,218	3,259,202	-
Standard Bank - Money Market - 068480520002	2,190,582	119,667	-	2,190,582	119,667	-
Stanlib Bank - Money Market Account - 52249805	386,000	368,141	-	386,000	368,141	-
First National Bank - 30 Days Notice- 74089485434	446,198	423,577	-	446,198	423,577	-
First National Bank - Call Account - 62084062894	843,668	799,956	-	843,668	799,956	-
First National Bank - Call Account (MIG) - 62392885855	3,056	504,203	-	3,056	504,203	-
First National Bank - Call Account Electrification - 62422725682	30,383	-	-	30,383	-	-
ABSA Bank - 32 Days Notice - 9169857999	2,466,230	2,406,180	-	2,466,230	2,406,180	-
ABSA - MAP - Call Account - 9118486422	1,358,904	1,325,789	-	1,358,904	1,325,789	-
ABSA Bank 32 Days Notice- 2072034421	682,710	649,461	-	682,710	649,461	-
ABSA Bank - Call Account - 9121421831	2,979,718	724,422	-	2,979,718	724,422	-
ABSA Bank - Call Account - 9259916188	391,947	378,738	-	391,947	378,738	-
ABSA Bank Fixed Deposit Account - 2074015596	2,054,921	-	-	2,054,921	-	-
Total	21,626,309	40,854,138	-	20,445,162	36,015,867	-

7. Investment property

	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	8,661,856	-	8,661,856	8,708,000	-	8,708,000

Dannhauser Local Municipality

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7. Investment property (continued)

Reconciliation of investment property - 2014

	Opening balance	Disposals	Total
Investment property	8,708,000	(46,144)	8,661,856

Reconciliation of investment property - 2013

	Opening balance	Total
Investment property	8,708,000	8,708,000

Pledged as security

None of the above investment properties have been pledged as security:

Details of property

Investment Property consists of:

- Land and Buildings	8,708,000	8,708,000
- Disposal	(46,144)	-
	8,661,856	8,708,000

Other disclosures

- Rental revenue from investment property	414,820	-
- Direct operating expenses - Incurred to generate rental revenue	(168,271)	-
	246,549	-

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

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8. Property, plant and equipment

	2014		2013	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation
				Accumulated depreciation and accumulated impairment
				Carrying value
Land	1,138,950	-	1,138,950	-
Buildings	224,808,484	(139,899,539)	84,908,945	1,138,950
Plant and machinery	1,578,013	(851,530)	726,483	220,929,295
Furniture and fixtures	2,216,574	(1,241,221)	975,353	1,874,666
Motor vehicles	10,945,784	(4,610,193)	6,335,591	2,307,433
IT equipment	1,656,123	(1,094,225)	561,898	11,489,920
Infrastructure	320,654,680	(180,791,101)	139,863,579	1,951,063
Total	562,998,608	(328,487,809)	234,510,799	538,946,667
				(304,495,424)
				234,451,243

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Prior Year Adjustments	Disposals	Work In Progress	Other changes, movements	Depreciation	Impairment loss	Total
Land	1,138,950	-	-	-	-	-	-	-	1,138,950
Buildings	85,526,995	115,268	-	-	3,763,921	-	(4,497,239)	-	84,908,945
Machinery and equipment	885,827	272,918	(27,653)	(133,422)	-	15,259	(244,812)	(41,634)	726,483
Furniture and fixtures	1,113,397	441,565	(49,004)	(164,843)	-	6,574	(343,272)	(29,064)	975,353
Motor vehicles	7,904,799	333,252	(254,354)	(248,568)	-	19,328	(1,378,196)	(40,670)	6,335,591
IT equipment	750,012	197,790	(40,905)	(59,883)	-	1,143	(264,865)	(21,394)	561,898
Infrastructure	137,131,263	548,970	-	-	20,850,370	(114,057)	(18,552,967)	-	139,863,579
Total	234,451,243	1,909,763	(371,916)	(606,716)	24,614,291	(71,753)	(25,281,351)	(132,762)	234,510,799

Dannhauser Local Municipality

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8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Transfers	Work in progress	Revaluation	Other changes, movements	Depreciation	Impairment loss	Total
Land	3,433,721	-	-	(2,294,771)	-	-	-	-	-	1,138,950
Buildings	90,775,445	1,679,475	-	-	-	-	-	(4,437,362)	(2,490,563)	85,526,995
Plant and machinery	842,801	37,675	(4,034)	-	-	183,270	46,983	(168,774)	(52,094)	885,827
Furniture and fixtures	1,165,677	181,208	-	-	-	16,723	17,773	(249,684)	(18,300)	1,113,397
Motor vehicles	8,291,671	398,221	-	-	-	494,290	22,559	(1,261,344)	(40,598)	7,904,799
IT equipment	814,092	125,629	(1,583)	-	-	36,104	23,350	(225,800)	(21,780)	750,012
Infrastructure	127,643,777	15,408,167	(12,736)	2,294,771	8,111,348	308,400	-	(16,614,636)	(7,828)	137,131,263
	232,967,184	17,830,375	(18,353)	-	8,111,348	1,038,787	110,665	(22,957,600)	(2,631,163)	234,451,243

9. Intangible assets

	2014		2013	
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Cost / Valuation	Accumulated amortisation and accumulated impairment
Computer software	30,317	(5,383)	24,934	343,143
				(296,956)
				46,187

Dannhauser Local Municipality

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9. Intangible assets (continued)

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	46,187	28,422	(26,502)	(23,173)	24,934

Reconciliation of intangible assets - 2013

	Opening balance	Additions	Amortisation	Total
Computer software	64,979	1,895	(20,687)	46,187

10. Heritage assets

	2014			2013		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral chain	55,576	-	55,576	55,576	-	55,576

Reconciliation of heritage assets 2014

	Opening balance	Total
Mayoral chain	55,576	55,576

Reconciliation of heritage assets 2013

	Opening balance	Total
Mayoral chain	55,576	55,576

11. Operating lease

Current liabilities	-	6,664
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Operating lease liability amounts to R0.00 in the current year (2013: 6664).

12. Payables from exchange transactions

Trade payables	1	(1)
PAYE, UIF and SDL	859,531	1,534,361
Accrued leave pay	1,550,389	1,083,110
Retentions on contracts with creditors	212,858	1,186,490
Trade accruals	6,846,148	3,685,774
Creditors control	50,572	678,042
Salary control leave encashment	-	192,486
Prodiba	2,250	-
Leave Encashment	-	207,056
	9,521,749	8,567,318

All PAYE returns for 2013/2014 were submitted and paid on time. The amount of R859 531 reflected above is for the previous years.

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

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13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Storm relief	2,154,759	2,154,759
MIG retention	174,564	174,564
Tourism support grant	61,379	61,379
GIS grant	66,053	66,053
Emafusini KNPA roads project	112,437	112,437
Rural infrastructure	344,148	344,148
Land use management systems	102,354	102,354
Kwagule bakery-reserves	53,440	53,440
IMP monitoring system (KZN Province)	58,830	58,830
Health RSC-cemetery project	58,336	58,336
Mig Guarantee	767,743	767,743
Financial Management Grant	145	-
Community Library Grant	-	(225,519)
MSIG grant	6,016	-
Electrification grant	(2,139,480)	(2,139,480)
Community participation grant	-	40,095
Small Town Rehab	314,460	6,408,383
Electrification Grant 2	-	15,375,000
EPWP	146,428	-

The nature and extent of government grants recognised in the annual financial statements are an indication of other forms of government assistance from which the municipality has directly benefited. All grants that do not have movements are roll over grants.

14. Provisions

Reconciliation of provisions - 2014

	Opening Balance	Additions	Total
Landfill site	3,417,750	170,888	3,588,638

Reconciliation of provisions - 2013

	Opening Balance	Additions	Total
Landfill site	3,255,000	162,750	3,417,750

The amount provided is the best estimate calculated. The financial implications of rehabilitating the landfill site was determined by the independent valuator, AB Project.

15. Employee benefit obligations

Defined benefit plan

Long Service Awards

A long service award is payable after 10 years of continuous service and every 5 years thereafter to employees. Furthermore a retirement gift is payable on retirement to employees with service of 10 years or more. The provision is an estimate of the long service awards based on historical staff turnover, taking into account management's estimate of the likelihood that staff may leave before long service awards become due. No other long service benefits are provided to employees.

Dannhauser Local Municipality

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15. Employee benefit obligations (continued)

The amounts recognised in the statement of financial position are as follows:

Carrying value

Post Employment Medical Benefits	(3,926,000)	(14,842,988)
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The Council and its employees contribute to the Natal Joint Municipal Pension Fund's three funds which provide retirement benefits to such employees.

The funds are subject to the Pension Funds Act 1956, and are self administered, defined benefit plans. Pensions are calculated on the average annual pensionable emoluments during the last years of service. Current contributions are charged against operating income on the basis of current service costs. Full actuarial valuations are performed every three years. Certain employees of the municipality belong to the Natal Joint Municipal Pension Fund (retirement), Natal Joint Municipal Pension Fund (provident) and Natal Joint Municipal Pension Fund (superannuation) which are administered by the Province.

In 2014 ZAQ finance conducted an actuarial valuation and there is huge decrease in valuation liability, The calculations for previous year were not done in accordance with the relevant actuarial standard (Actuarial Practice Note 301 of the Actuarial Society of South Africa). In addition, the accounting (AFS) disclosures were not provided that are usually provided as part of the required accounting disclosures (for instance the next year's projected Current Service Cost and Interest Cost were not provided), this is not in accordance with the relevant guidelines in the relevant accounting standard (GRAP 25). The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions. The total expense recognised in the Statement of Financial Performance represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	14,842,988	11,786,918
Prior year adjustment	(11,229,988)	-
Net expense recognised in the statement of financial performance	313,000	3,056,070
	3,926,000	14,842,988

Net expense recognised in the statement of financial performance

Current service cost	94,000	3,056,070
Interest cost	284,000	-
Actuarial (gains) losses	59,000	-
Benefit Paid	(124,000)	-
	313,000	3,056,070

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

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15. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Average Retirement age-female	63	60
Average Retirement age-male	63	63
Discount rates used	8.94 %	7.89 %
Expected rate of return on assets	- %	8.00 %
Expected rate of return on reimbursement rights	- %	12.00 %
Actual return on reimbursement rights	- %	63.00 %
Medical cost trend rates	8.05 %	7.14 %
Expected increase in salaries	7.33 %	20.00 %
Expected pension increases	8.05 %	7.14 %
Proportion of employees opting for early retirement	1.00 %	2.00 %
Expected increase in healthcare costs	8.05 %	7.14 %
Future changes in maximum state healthcare benefits	50.00 %	- %

• It was also assumed that there would be no contribution reduction as a result of divorce / child death. This assumption would result in a prudent provision.

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	407,000	320,000
Effect on defined benefit obligation	3,451,000	3,173,000

Amounts for the current and previous year are as follows:

	2014	2013			
Defined benefit obligation	3,926,000	14,842,988	-	-	-

16. Service charges

Refuse removal	852,014	826,492
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17. Other income

Drivers license cards	206,035	237,192
Rates clearing certificates	17,946	17,009
Cemetery fees	15,165	12,056
Encroachments	1,351	1,110
Sundry income	367,880	226,033
Housing claims	7,987,287	72,628
Other Income	1,291	-
	8,596,955	566,028

Dannhauser Local Municipality

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18. Property rates

Rates received

Residential	-	2,806,124
Commercial	-	5,604,042
State	-	282,999
Other	11,666,910	-
	11,666,910	8,693,165

Valuations

Residential	1,111,312,000	682,277,600
Commercial	71,879,000	81,601,000
State	229,351,000	144,414,000
	1,412,542,000	908,292,600

Valuations on land and buildings are performed every four years. The last valuation came into effect on 02 July 2013. Interim valuations are processed as and when municipality become aware of changes in the individual property values due to alterations.

Dannhauser Local Municipality

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19. Government grants and subsidies

Equitable share	52,872,000	47,502,000
Financial Management Grant	1,649,855	1,250,000
MIG Grant	19,228,000	18,604,000
Small Town Rehabilitation Grant	6,093,924	3,591,617
Electrification Grant	15,375,000	-
Expanded Public Works Program	850,284	-
Community Part Grant Income	40,095	159,905
Library provincialisation	514,000	-
Cyber Cadet Grant	120,000	-
MSIG Grant	883,984	800,000
	97,627,142	71,907,522

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Storm relief

Balance unspent at beginning of year	2,154,759	2,154,759
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	2,154,759	2,154,759

MIG Retention

Balance unspent at beginning of year	174,564	373,537
Current-year receipts	-	-
Conditions met - transferred to revenue	-	(198,973)
	174,564	174,564

Tourism Support Grant

Balance unspent at beginning of year	61,379	61,379
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	61,379	61,379

GIS Grant

Balance unspent at beginning of year	66,053	66,053
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	66,053	66,053

Dannhauser Local Municipality

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Figures in Rand	2014	2013
19. Government grants and subsidies (continued)		
Emafusini KNPA roads project		
Balance unspent at beginning of year	112,437	112,437
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	112,437	112,437
Rural infrastructure		
Balance unspent at beginning of year	344,148	344,148
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	344,148	344,148
Land use management systems		
Balance unspent at beginning of year	102,354	102,354
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	102,354	102,354
Kwagule bakery-reserves		
Balance unspent at beginning of year	53,440	53,440
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	53,440	53,440
IMP monitoring system (KZN Province)		
Balance unspent at beginning of year	58,830	58,830
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	58,830	58,830
Health RSC-cemetery project		
Balance unspent at beginning of year	58,336	58,336
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	58,336	58,336
Provide explanations of conditions still to be met and other relevant information.		
MIG Guarantee		
Balance unspent at beginning of year	767,743	767,743
Current-year receipts	-	-
	767,743	767,743

Dannhauser Local Municipality

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19. Government grants and subsidies (continued)

MIG Grant

Balance unspent at beginning of year	-	(197,996)
Current-year receipts	19,228,000	18,604,000
Conditions met - transferred to revenue	(19,228,000)	(18,406,004)
	-	-

The municipal infrastructure grant provides basic residential infrastructure for poor households. The grant can be used for new infrastructure, upgrading bulk and connector infrastructure, or the rehabilitation of existing infrastructure.

Financial Management Grant

Balance unspent at beginning of year	-	-
Current-year receipts	1,650,000	1,250,000
Conditions met - transferred to revenue	(1,649,855)	(1,250,000)
	145	-

To promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act. The FMG Grant also pays for the cost of the Financial Management Internship Program (e.g salary costs of the Financial Management Interns) .

Library Provincialisation Grant

Balance unspent at beginning of year	(225,519)	-
Current-year receipts	514,000	267,000
Conditions met - transferred to revenue	(514,000)	(492,519)
Other	225,519	-
	-	(225,519)

The community library services grant, administered by the Department of Co-operative governments and traditional affairs, aims to help South Africans access knowledge and information, so that their socioeconomic situation can be improved. The grant is allocated to the relevant provincial department and either administered by that department or through a service-level agreement with municipalities.

MSIG Grant

Balance unspent at beginning of year	-	(442,655)
Current-year receipts	890,000	800,000
Conditions met - transferred to revenue	(883,984)	(357,345)
	6,016	-

To assist municipalities to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act and related legislation.

Electrification Grant

Balance unspent at beginning of year	(2,139,480)	(2,139,480)
Current-year receipts	-	-
	(2,139,480)	(2,139,480)

Community Participation Grant

Dannhauser Local Municipality

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19. Government grants and subsidies (continued)

Balance unspent at beginning of year	40,095	-
Current-year receipts	-	200,000
Conditions met - transferred to revenue	(40,095)	(159,905)
	<u>-</u>	<u>40,095</u>

SmallTown Rehabilitation Grant

Balance unspent at beginning of year	6,408,383	-
Current-year receipts	-	10,000,000
Conditions met - transferred to revenue	(6,093,923)	(3,591,617)
	<u>314,460</u>	<u>6,408,383</u>

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19. Government grants and subsidies (continued)

Electrification Programme Grant

Balance unspent at beginning of year	15,375,000	-
Current-year receipts	-	15,375,000
Conditions met - transferred to revenue	(15,375,000)	-
	<u>-</u>	<u>15,375,000</u>

The Electrification Programme Grant, is administered by the Department of Co-operative governments and traditional affairs, aims to assist the municipality to undertake and execute electrification Programme.

Expanded Public Works Program

Current-year receipts	1,000,000	-
Conditions met - transferred to revenue	(853,572)	-
	<u>146,428</u>	<u>-</u>

To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the EPWP guidelines: road maintenance and the maintenance of buildings; low traffic volume roads and rural roads; basic services infrastructure, including water and sewer reticulation, sanitation, pipelines (excluding bulk infrastructure); other economic and social infrastructure.

Cyber Cadet

Current-year receipts	120,000	-
Conditions met - transferred to revenue	(120,000)	-
	<u>-</u>	<u>-</u>

The Cyber Cadet grant, is administered by the Department of Co-operative governments and traditional affairs, aims to assist in the cost of appointing the library computer assistant for the Dannhauser Community Library.

Dannhauser Local Municipality

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20. Employee related costs

Employee related costs – salaries and wages	11,574,246	10,401,447
Employee related costs - Casual Salaries and Wages	99,922	632,898
Medical aid - company contributions	2,203,591	1,437,542
Post-employment benefits	313,000	3,056,070
Travel, motor car, accommodation, subsistence and other allowances	2,060,734	1,142,828
Housing benefits and allowances	27,336	18,555
Overtime payments	610,188	332,028
Performance and other bonuses	794,586	544,636
Other employee related costs	220,073	153,295
Stand-by	-	34,823
	17,903,676	17,754,122

Remuneration of Municipal Manager

Annual Remuneration	478,375	435,666
Car Allowance	284,516	240,000
Performance Bonuses	89,236	80,000
Contributions to UIF, Medical and Pension Funds	51,792	44,334
	903,919	800,000

Remuneration of Chief Finance Officer

Annual Remuneration	435,348	46,354
Car Allowance	236,330	47,442
Contributions to UIF, Medical and Pension Funds	163,180	18,637
Backpay	-	13,297
Other	45,853	1,036
Telephone Allowance	6,000	-
	886,711	126,766

Remuneration of Technical Service Director

MR DL Walker	-	-
	-	-
Annual Remuneration		195,241
Car Allowance		36,176
Performance Bonuses		16,075
Contributions to UIF, Medical and Pension Funds		25,875
Telephone		4,359
Backpay		1,378
Other		38,714
		317,818

Mr M. R. Nene

Annual Remuneration	299,852	100,100
Car Allowance	172,244	44,764
Bond Allowance	24,327	-
Contributions to UIF, Medical and Pension Funds	79,301	16,320
Telephone	8,000	2,000
Other	8,478	1,360
	592,202	164,544

Dannhauser Local Municipality

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20. Employee related costs (continued)

Mr DL Walker was the Technical Service Director from the previous year and he retired in the middle of March 2013. Mr Nene was then appointed as the new Technical Service Manager in March 2013.

Remuneration of Corporate Services Director

Annual Remuneration	297,926	244,064
Car Allowance	160,422	51,540
Performance Bonuses	21,895	20,391
Contributions to UIF, Medical and Pension Funds	100,375	75,260
Telephone Allowance	6,000	6,000
Leave pay	35,325	1,245
Other	-	59,237
	621,943	457,737

MR S Naidoo

Remuneration of Community Services Director

Annual Remuneration	199,519	-
Car Allowance	110,756	-
Contributions to UIF, Medical and Pension Funds	52,336	-
Telephone Allowance	4,000	-
Backpay	3,824	-
	370,435	-

Mr JH Roeloffs was the Community Services Director from the previous year and he retired on the 30 June 2013. Mr Naidoo was then appointed as the new Community Service Manager in November 2013.

MR JH Roeloffs

Remuneration of Community Services Director

Annual Remuneration	-	244,064
Car Allowance	-	52,218
Performance Bonuses	-	19,147
Contributions to UIF, Medical and Pension Funds	-	120,525
Telephone	-	6,000
Back Pay	-	2,489
Other	-	9,726
	-	454,169

Post Retirement Benefit of (2014 : R 313 000 ; 2013 (R3,056 070) is included as Employee Cost in terms of GRAP 1 presentation .

21. Remuneration of Councillors

Executive Mayor	552,016	538,100
Deputy Executive Mayor	393,858	246,471
Speaker	397,085	444,471
Councillors	3,069,698	2,654,323
Executive Committee Members	408,656	473,211
	4,821,313	4,356,576

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
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21. Remuneration of Councillors (continued)

In-kind benefits

The Mayor, Deputy Mayor, Speaker and Executive Committee Members are all part time.

The Mayor is entitled to the use and enjoyment of a vehicle at no cost to her. This vehicle is leased by the Council from Fleet Africa. An office is also provided to the mayor which includes a full time personal assistant.

22. Depreciation and amortisation

Property, plant and equipment	25,281,351	22,697,322
Intangible assets	23,173	20,687
	25,304,524	22,718,009

23. Impairment of assets

Impairments

Property, plant and equipment	-	2,631,163
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24. Grants Expenses

Grant Expenses

Equitable share : FBS & FBE	684,314	637,405
FMG Expense	1,649,855	1,250,000
MSIG Expense	883,984	800,000
Municipal Zibambele	853,572	440,023
Community participation grant	40,095	189,205
Library	514,000	-
Cyber Cadet	120,000	-
	4,745,820	3,316,633

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
25. General expenses		
Advertisements	331,465	303,683
Refuse Bins/Bags	51,540	47,113
Audit Fees	1,852,442	1,464,307
Bad debts written off	2,550,015	1,345,989
Bank charges	38,890	108,215
Books and publications	-	4,304
Burial of destitute	105,761	149,643
By law and acts	4,854	1,812
Catering	174,695	145,004
Chemicals	40,780	17,982
Other	349,554	-
Condolatory fund	3,539	(304)
Conferences and seminars	514,206	534,922
Placement Stipend	289,474	-
Electrification	15,375,000	-
Culture	-	117,961
Contribution to Capital Budget	-	(1,164,213)
Disabled projects	3,420	2,900
Senior Citizen	37,755	1,263
Electricity	1,500,705	898,955
Facilitation	4,000	17,615
Gender	676,662	144,478
HIV Aids Program	283,072	162,128
Hire of machinery	97,200	3,472,441
Insurance	421,862	471,220
LED	393,620	286,813
Municipal Partnership	125,520	333,702
Legal costs	501,952	95,363
Polymore Counter Funding	2,625,381	-
License fees	23,535	26,213
Loose tools	1,327	1,214
Maps and plans	196,468	7,528
Seeds and Plants	198,491	4,472
Mayoral expenses	343,155	292,718
Membership fees	43,406	450,000
Postage fees	133,379	131,842
Printing and Stationary	303,878	285,829
Professional Fees	608,436	3,585,539
Professional services	2,654,511	324,690
Project launch costs	231,819	231,911
Promote IDP	876,930	187,544
Promote public participation	162,755	392,445
Alternative Energy	-	1,160,901
Provision for landfill site	170,888	162,750
Provision for leave pay	467,279	275,685
Marketing and corporate	266,165	211,043
Rental land	117,094	122,149
Rental office machine	657,331	591,370
Road Marking	35,097	1,930
Safety equipment	20,497	38
Security and alarms	1,447,446	986,892
First Ten	229,000	217,000
Disaster management	985,958	1,513,669
Skills levy	192,804	168,589
Sports	346,144	450,879
Sports fields	198,478	-
Cleaning Material	67,185	80,403
Subsistence and travelling	2,925,311	1,449,297
Sundry expenses	2,255	312

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
25. General expenses (continued)		
Telephone	717,684	698,944
Town cleaning	789	855
Training direct expense	710,870	367,501
PMS Review & Printing	250,793	-
Transport official vehicles	1,492,976	1,164,933
Valuation Costs -Interims	106,986	200,788
VAT Adjustment	(2,723,263)	(2,331,871)
Entertainment	119,028	84,208
Electrification	4,086,031	-
Valuation reduction	1,163,338	1,083,590
Ward constituency meeting	769,600	759,309
Ward council committee	978,041	1,080,657
Water	34,974	102,260
Ramaphosa Housing	7,549,529	-
Youth	95,199	124,885
	57,612,961	25,614,207
26. Auditors' remuneration		
Fees	1,852,442	1,464,307
27. Rental of facilities and equipment		
Premises		
Rental of investment properties	164,231	127,651
28. Cash (used in) generated from operations		
Surplus	6,032,991	4,731,403
Adjustments for:		
Depreciation and amortisation	25,304,524	22,718,009
(Gain)/ Loss on disposal of asset	1,028,920	(141,394)
Fair value adjustments	(127,247)	-
Impairment deficit	-	2,631,163
Movements in operating lease assets and accruals	(6,664)	(19,525)
Movements in retirement benefit assets and liabilities	(10,916,988)	3,056,070
Movements in provisions	170,888	162,750
Other non -cash items	(13,336,259)	-
Changes in working capital:		
Receivables from exchange transactions	(1,499,312)	(217,192)
Consumer debtors	(356,588)	(60,020)
Payables from exchange transactions	954,429	(6,609,717)
VAT	224,389	524,328
Unspent conditional grants and receipts	(21,130,910)	22,039,637
Movement in reserve	-	84,367
	(13,657,827)	48,899,879

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
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29. Commitments

Commitments in respect of capital expenditure

Already contracted for but not provided for

• Infrastructure	28,798,682	360,000
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Not yet contracted for and authorised by accounting officer

• Infrastructure	26,405,333	19,375,000
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This committed expenditure relates to Infrastructure assets and other assets and it will be financed by available bank facilities, Small Town rehabilitation grant and Municipal In, retained surpluses, funds internally generated, etc.

30. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The municipality's financial liabilities are all classified as current liabilities, payable within the next 12 months.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	2,789,988	-	-	-
Consumer Deposits	9,496,004	-	-	-
At 30 June 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	1,829,020	-	-	-
Consumer Deposits	8,567,318	-	-	-

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
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30. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2014	2013
Cash at Bank	685,986	3,168
Investments	19,759,395	13,458,115
Trade and other receivables	2,789,988	8,024,222
Vat receivables	875,100	4,460,798

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates. The municipality has no interest bearing liabilities.

31. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	450,000	450,000
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Material losses through criminal conduct

Management is not aware of any material losses through criminal conduct.

Audit fees

Opening balance	977,418	977,418
Current year subscription / fee	586,978	770,795
Amount paid - current year	(586,978)	-
Amount paid - previous years	(977,418)	(770,795)
	-	977,418

PAYE and UIF

Current year subscription / fee	1,465,656	2,257,081
Amount paid - current year	(1,465,656)	(2,257,081)
	-	-

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
31. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Pension and Medical Aid Deductions		
Current year subscription / fee	2,078,716	3,512,552
Amount paid - current year	(2,078,716)	(3,512,552)
	-	-
VAT		
VAT receivable	875,100	1,099,489
VAT output payables and VAT input receivables are shown in note 4.		
All VAT returns have been submitted by the due date throughout the year.		
Councillors' arrear consumer accounts		
No Councillors had arrear accounts outstanding for more than 90 days at 30 June 2014:		
32. Fruitless and wasteful expenditure		
Fruitless and wasteful expenditure	194,565	194,565
Eskom and Telkom interest on late Payment	-	2,721
Condoned and written off by the Council	(194,565)	(2,721)
	-	194,565
33. Contingent Assets		
The receipt of a sum of R278, 828.60 claimed from insurance on the loss of the Toyota Avanza and Isuzu KB in an accident is probable		
34. Prior period errors		
The Cash Flow statement for the Prior year has been restated due to prior year errors.		
The error is corrected in the current financial year. The prior year adjustments are made up of Post Retirement benefit and Assets.		
The correction of the error(s) results in adjustments as follows:		
Statement of financial position		
Operating lease	-	(11,006)
Post Retirement Benefit	(11,229,988)	-
Property Plant and Equipment	371,916	-
Accumulated surplus	10,858,072	11,006
35. Interest earned - external investments		
Interest revenue		
Interest earned on external investments	1,410,400	1,047,737
36. Fair value adjustments & Impairment loss		
Fairvalue Gain Newly Identified	127,247	-

Dannhauser Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
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37. Impairment of Losses

Impairment losses on assets and Fines	(481,796)	-
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The impairment loss is made up of: Impairment loss on assets of R132 762 and R349 034 of fines.

38. Related parties

Related party parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control. Related party transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related party transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the reporting entity or the government of which it forms part.

Remuneration of key management personnel is any consideration or benefit derived directly or indirectly by key management personnel members of the governing body or otherwise as employees of the reporting entity. From the reporting entity for services provided in their capacity as members of the council or otherwise as employees of the reporting .

For disclosures of remuneration to management and councillors, Refer to notes 20 and 21

39. Irregular expenditure

Opening balance	17,139,985	-
Add: Irregular Expenditure - Current year	894,078	17,139,985
Less: Amounts condoned	(17,964,399)	-
	69,664	17,139,985

Appendix B

Analysis of property, plant and equipment as at 30 June 2014 Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Under Construction Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	1,138,950	-	-	-	-	-	1,138,950	-	-	-	-	-	-	1,138,950
Landfill Sites (Separate for AFS purposes)	5,394,771	-	-	-	-	-	5,394,771	(424,739)	-	-	(269,739)	-	(694,478)	4,700,293
Parkhomes (Separate for AFS purposes)	-	148,400	-	-	-	-	148,400	-	-	-	(3,298)	-	(3,298)	145,102
Buildings (Separate for AFS purposes)	220,929,295	115,268	-	-	-	3,763,922	224,808,485	(132,911,737)	-	-	(4,497,239)	(2,490,563)	(139,899,539)	84,908,946
	227,463,016	263,668	-	-	-	3,763,922	231,490,606	(133,336,476)	-	-	(4,770,276)	(2,490,563)	(140,597,315)	90,893,291
Infrastructure														
Roads, Pavements & Bridges	259,559,755	-	-	-	-	11,793,187	271,352,942	(149,151,118)	-	-	(16,984,348)	(6,122)	(166,141,588)	105,211,354
Storm water	6,422,650	23,800	-	-	-	-	6,446,450	(4,250,364)	-	(3,927)	(132,171)	(1,566)	(4,388,128)	2,058,322
Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road Sign and Street Name	297,600	7,200	-	-	-	-	304,800	(234,840)	-	(1,980)	(31,960)	(40)	(268,840)	35,960
Street lighting	3,090,440	168,000	-	-	-	613,018	3,871,458	(1,556,267)	-	(108,150)	(196,811)	-	(1,861,228)	2,010,230
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Carport	3,956,300	-	-	-	-	-	3,956,300	(1,782,212)	-	-	(241,827)	-	(2,024,039)	1,932,261
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	6,141,045	-	-	-	-	-	6,141,045	(3,390,293)	-	-	(204,702)	-	(3,594,995)	2,546,050
	279,467,790	199,000	-	-	-	12,406,205	292,072,995	(160,365,094)	-	(114,057)	(17,791,839)	(7,828)	(178,278,818)	113,794,177
Community Assets														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and Recreational facilities	3,997,231	-	-	-	-	16,555,514	20,552,745	(1,326,416)	-	-	(473,642)	-	(1,800,058)	18,752,687
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	2,284,200	201,570	-	-	-	-	2,485,770	-	-	-	(14,450)	-	(14,450)	2,471,320
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	6,281,431	201,570	-	-	-	16,555,514	23,038,515	(1,326,416)	-	-	(488,092)	-	(1,814,508)	21,224,007

Analysis of property, plant and equipment as at 30 June 2014	Accumulated depreciation
Cost/Revaluation	

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Appendix B

Analysis of property, plant and equipment as at 30 June 2014 Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Under Construction Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	227,463,016	263,668	-	-	-	3,763,922	231,490,606	(133,336,476)	-	-	(4,770,276)	(2,490,563)	(140,597,315)	90,893,291
Infrastructure	279,467,790	199,000	-	-	-	12,406,205	292,072,995	(160,365,094)	-	(114,057)	(17,791,839)	(7,828)	(178,278,818)	113,794,177
Community Assets	6,281,431	201,570	-	-	-	16,555,514	23,038,515	(1,326,416)	-	-	(488,092)	-	(1,814,508)	21,224,007
Heritage assets	55,576	-	-	-	-	-	55,576	-	-	-	-	-	-	55,576
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	17,623,082	1,287,829	(1,776,468)	(737,949)	-	-	16,396,494	(6,969,047)	1,169,752	366,033	(2,231,145)	(132,763)	(7,797,170)	8,595,324
	530,890,895	1,952,067	(1,776,468)	(737,949)	-	32,725,641	563,054,186	(301,997,033)	1,169,752	251,976	(25,281,352)	(2,631,154)	(328,487,811)	234,566,375
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computers - software & programming	341,249	1,895	-	-	-	-	343,144	(276,270)	-	-	(20,686)	-	(296,956)	46,188
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	341,249	1,895	-	-	-	-	343,144	(276,270)	-	-	(20,686)	-	(296,956)	46,188
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment property	8,708,000	-	-	-	-	-	8,708,000	-	-	-	-	-	-	8,708,000
	8,708,000	-	-	-	-	-	8,708,000	-	-	-	-	-	-	8,708,000
Total														
Land and buildings	227,463,016	263,668	-	-	-	3,763,922	231,490,606	(133,336,476)	-	-	(4,770,276)	(2,490,563)	(140,597,315)	90,893,291
Infrastructure	279,467,790	199,000	-	-	-	12,406,205	292,072,995	(160,365,094)	-	(114,057)	(17,791,839)	(7,828)	(178,278,818)	113,794,177
Community Assets	6,281,431	201,570	-	-	-	16,555,514	23,038,515	(1,326,416)	-	-	(488,092)	-	(1,814,508)	21,224,007
Heritage assets	55,576	-	-	-	-	-	55,576	-	-	-	-	-	-	55,576
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	17,623,082	1,287,829	(1,776,468)	(737,949)	-	-	16,396,494	(6,969,047)	1,169,752	366,033	(2,231,145)	(132,763)	(7,797,170)	8,595,324
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	341,249	1,895	-	-	-	-	343,144	(276,270)	-	-	(20,686)	-	(296,956)	46,188
Investment properties	8,708,000	-	-	-	-	-	8,708,000	-	-	-	-	-	-	8,708,000
	539,940,144	1,953,962	(1,776,468)	(737,949)	-	32,725,641	572,105,330	(302,273,303)	1,169,752	251,976	(25,302,038)	(2,631,154)	(328,784,767)	243,320,563

Appendix B

Analysis of property, plant and equipment as at 30 June 2013 Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Work in progress Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	1,138,950	2,294,771	-	-	-	-	3,433,721	-	-	-	-	-	-	3,433,721
Landfill Sites (Separate for AFS purposes)	3,100,000	-	-	-	-	-	3,100,000	-	-	-	(155,000)	-	(155,000)	2,945,000
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	212,605,957	3,351,346	-	-	-	3,302,517	219,259,820	(124,086,783)	-	-	(4,417,592)	-	(128,484,375)	90,775,445
	216,844,907	5,646,117	-	-	-	3,302,517	225,793,541	(124,086,783)	-	-	(4,572,592)	-	(128,639,375)	97,154,166
Infrastructure														
Roads, Pavements & Bridges	234,699,755	-	-	-	-	9,797,973	244,497,728	(118,417,246)	-	-	(15,391,022)	-	(133,808,268)	110,689,460
Storm water	6,188,591	267,575	-	-	-	-	6,456,166	(4,012,638)	-	-	(128,755)	-	(4,141,393)	2,314,773
Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road sign and street name	252,000	34,800	-	-	-	-	286,800	(176,400)	-	-	(28,680)	-	(205,080)	81,720
Street lighting	2,491,200	144,000	-	-	-	-	2,635,200	(1,394,440)	-	-	(75,880)	-	(1,470,320)	1,164,880
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Carport	3,907,800	-	-	-	-	-	3,907,800	(1,302,600)	-	-	(238,593)	-	(1,541,193)	2,366,607
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	6,324,645	-	-	-	-	-	6,324,645	(3,103,290)	-	-	(216,942)	-	(3,320,232)	3,004,413
Other (fibre optic, WIFI infrastructure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	253,863,991	446,375	-	-	-	9,797,973	264,108,339	(128,406,614)	-	-	(16,079,872)	-	(144,486,486)	119,621,853
Community Assets														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	1,998,340	1,998,891	-	-	-	-	3,997,231	(1,065,908)	-	-	(138,598)	-	(1,204,506)	2,792,725
Community halls	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	3,190,950	-	-	-	-	-	3,190,950	(906,750)	-	-	-	-	(906,750)	2,284,200
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	5,189,290	1,998,891	-	-	-	-	7,188,181	(1,972,658)	-	-	(138,598)	-	(2,111,256)	5,076,925

Appendix B

Analysis of property, plant and equipment as at 30 June 2013 Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Work in progress Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	55,576	-	-	-	-	-	55,576	-	-	-	-	-	-	55,576
	55,576	-	-	-	-	-	55,576	-	-	-	-	-	-	55,576
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles														
Other assets														
General vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant & equipment	1,446,071	326,936	(102,205)	-	-	-	1,670,802	(655,802)	92,298	-	(217,513)	-	(784,017)	889,785
Computer Equipment	1,501,319	553,961	(264,264)	-	-	-	1,791,016	(891,068)	231,076	-	(293,582)	-	(953,574)	837,442
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	1,507,519	645,383	(43,400)	-	-	-	2,109,502	(718,580)	32,762	-	(240,234)	-	(926,052)	1,183,450
Transport Assets	5,861,631	5,012,977	(277,199)	-	-	-	10,597,409	(1,344,989)	184,325	-	(1,122,515)	-	(2,283,179)	8,314,230
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	10,316,540	6,539,257	(687,068)	-	-	-	16,168,729	(3,610,439)	540,461	-	(1,873,844)	-	(4,943,822)	11,224,907

Appendix B

Analysis of property, plant and equipment as at 30 June 2013 Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Work in progress Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	216,844,907	5,646,117	-	-	-	-	225,793,541	(124,066,783)	-	-	(4,572,592)	-	(128,639,375)	97,154,166
Infrastructure	253,863,991	446,375	-	-	-	-	264,108,339	(128,406,614)	-	-	(16,079,872)	-	(144,486,486)	119,621,853
Community Assets	5,189,290	1,998,891	-	-	-	-	7,188,181	(1,972,658)	-	-	(138,598)	-	(2,111,256)	5,076,925
Heritage assets	55,576	-	-	-	-	-	55,576	-	-	-	-	-	-	55,576
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	10,316,540	6,539,257	(687,068)	-	-	-	16,168,729	(3,610,439)	540,461	-	(1,873,844)	-	(4,943,822)	11,224,907
	486,270,304	14,630,640	(687,068)	-	-	13,100,490	513,314,366	(258,056,494)	540,461	-	(22,664,906)	-	(280,180,939)	233,133,427
Agricultural/Biological assets														
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets														
Computers - software & programming	285,141	56,108	-	-	-	-	341,249	(220,949)	-	-	(55,321)	-	(276,270)	64,979
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	285,141	56,108	-	-	-	-	341,249	(220,949)	-	-	(55,321)	-	(276,270)	64,979
Investment properties														
Investment property	8,708,000	-	-	-	-	-	8,708,000	-	-	-	-	-	-	8,708,000
	8,708,000	-	-	-	-	-	8,708,000	-	-	-	-	-	-	8,708,000
Total														
Land and buildings	216,844,907	5,646,117	-	-	-	-	225,793,541	(124,066,783)	-	-	(4,572,592)	-	(128,639,375)	97,154,166
Infrastructure	253,863,991	446,375	-	-	-	-	264,108,339	(128,406,614)	-	-	(16,079,872)	-	(144,486,486)	119,621,853
Community Assets	5,189,290	1,998,891	-	-	-	-	7,188,181	(1,972,658)	-	-	(138,598)	-	(2,111,256)	5,076,925
Heritage assets	55,576	-	-	-	-	-	55,576	-	-	-	-	-	-	55,576
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	10,316,540	6,539,257	(687,068)	-	-	-	16,168,729	(3,610,439)	540,461	-	(1,873,844)	-	(4,943,822)	11,224,907
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	285,141	56,108	-	-	-	-	341,249	(220,949)	-	-	(55,321)	-	(276,270)	64,979
Investment properties	8,708,000	-	-	-	-	-	8,708,000	-	-	-	-	-	-	8,708,000
	495,263,445	14,686,748	(687,068)	-	-	13,100,490	522,363,615	(258,277,443)	540,461	-	(22,720,227)	-	(280,457,209)	241,906,406

Appendix C

Segmental analysis of property, plant and equipment as at 31 December 2014	
Cost/Revaluation	Accumulated Depreciation
1,000,000	200,000
2,000,000	400,000
3,000,000	600,000
4,000,000	800,000
5,000,000	1,000,000
6,000,000	1,200,000
7,000,000	1,400,000
8,000,000	1,600,000
9,000,000	1,800,000
10,000,000	2,000,000
11,000,000	2,200,000
12,000,000	2,400,000
13,000,000	2,600,000
14,000,000	2,800,000
15,000,000	3,000,000
16,000,000	3,200,000
17,000,000	3,400,000
18,000,000	3,600,000
19,000,000	3,800,000
20,000,000	4,000,000
21,000,000	4,200,000
22,000,000	4,400,000
23,000,000	4,600,000
24,000,000	4,800,000
25,000,000	5,000,000
26,000,000	5,200,000
27,000,000	5,400,000
28,000,000	5,600,000
29,000,000	5,800,000
30,000,000	6,000,000
31,000,000	6,200,000
32,000,000	6,400,000
33,000,000	6,600,000
34,000,000	6,800,000
35,000,000	7,000,000
36,000,000	7,200,000
37,000,000	7,400,000
38,000,000	7,600,000
39,000,000	7,800,000
40,000,000	8,000,000
41,000,000	8,200,000
42,000,000	8,400,000
43,000,000	8,600,000
44,000,000	8,800,000
45,000,000	9,000,000
46,000,000	9,200,000
47,000,000	9,400,000
48,000,000	9,600,000
49,000,000	9,800,000
50,000,000	10,000,000
51,000,000	10,200,000
52,000,000	10,400,000
53,000,000	10,600,000
54,000,000	10,800,000
55,000,000	11,000,000
56,000,000	11,200,000
57,000,000	11,400,000
58,000,000	11,600,000
59,000,000	11,800,000
60,000,000	12,000,000
61,000,000	12,200,000
62,000,000	12,400,000
63,000,000	12,600,000
64,000,000	12,800,000
65,000,000	13,000,000
66,000,000	13,200,000
67,000,000	13,400,000
68,000,000	13,600,000
69,000,000	13,800,000
70,000,000	14,000,000
71,000,000	14,200,000
72,000,000	14,400,000
73,000,000	14,600,000
74,000,000	14,800,000
75,000,000	15,000,000
76,000,000	15,200,000
77,000,000	15,400,000
78,000,000	15,600,000
79,000,000	15,800,000
80,000,000	16,000,000
81,000,000	16,200,000
82,000,000	16,400,000
83,000,000	16,600,000
84,000,000	16,800,000
85,000,000	17,000,000
86,000,000	17,200,000
87,000,000	17,400,000
88,000,000	17,600,000
89,000,000	17,800,000
90,000,000	18,000,000
91,000,000	18,200,000
92,000,000	18,400,000
93,000,000	18,600,000
94,000,000	18,800,000
95,000,000	19,000,000
96,000,000	19,200,000
97,000,000	19,400,000
98,000,000	19,600,000
99,000,000	19,800,000
100,000,000	20,000,000

[illegible]

Appendix E(1)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2014

	Current year 2013 Act. Bal. Rand	Current year 2013 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Sale of goods	-	-	-	-	(Explanations to be recorded)
Sale of goods in agricultural activities	-	-	-	-	
Rendering of services	-	-	-	-	
Rendering of services in agricultural activities	-	-	-	-	
Property rates	11,666,910	11,996,794	(329,884)	(2.7)	
Service charges	852,014	905,674	(53,660)	(5.9)	
	-	-	-	-	
	-	-	-	-	
Sales of housing	-	-	-	-	
Construction contracts	-	-	-	-	
Royalty income	-	-	-	-	
Rental of facilities and equipment	164,231	112,704	51,527	45.7	Received more than what was expected, collection rate improved after the data cleansing
Interest received (trading)	-	-	-	-	
Dividends received	-	-	-	-	
Income from agency services	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
Licences and permits	1,436,841	747,680	(689,161)	(92.2)	The demand for licences increased in the second semester.
	-	-	-	-	
Fines	475,423	111,500	363,923	326.4	In the first semester the collection was low, then the budget was decreased.
Municipal Revenue UD2	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
Miscellaneous other revenue	-	-	-	-	
Administration and management fees received	-	-	-	-	
Fees earned	-	-	-	-	
Commissions received	-	-	-	-	
Royalties received	-	-	-	-	
Rental income	-	-	-	-	
Discount received	-	-	-	-	
Recoveries	-	-	-	-	
Other income 1	-	-	-	-	
Other income 2	-	-	-	-	
Financial instruments - Fee income	-	-	-	-	
Other income - (rollup)	8,596,955	427,921	8,169,034	,909.0	The huge increased is resulted from Housing claims for Ramaphosa Project
Other farming income 1	-	-	-	-	
Other farming income 2	-	-	-	-	
Other farming income 3	-	-	-	-	
Other farming income 4	-	-	-	-	
Other farming income	-	-	-	-	
Government grants	97,627,142	107,734,000	(10,106,858)	(9.4)	
Interest received - investment	-	-	-	-	
Interest received - other	1,410,400	1,533,675	(123,275)	(8.0)	

Appendix E(1)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2014

	Current year 2013 Act. Bal.	Current year 2013 Adjusted budget	Variance	Explanation of Significant Variances greater than 10% versus Budget
Dividends received	-	-	-	-
	122,229,916	123,569,948	(2,718,354)	(2.2)
Expenses				
Employee Related Cost	(17,903,676)	18,755,334	1,273,748	6.8
Manufacturing -	-	-	-	-
Employee costs	-	-	-	-
Remuneration of	(4,821,313)	5,655,731	1,006,195	17.8 We estimated more for councillors back pays.
councillors	-	-	-	-
Administration	-	-	-	-
Post Retirement	-	1,500,000	1,187,000	79.1 Budget was based on prior year calculation.
Depreciation	(25,281,352)	1,873,844	(23,407,508)	249.2 This item its the non cash item
Impairment	-	-	-	-
Amortisation	(23,173)	-	(23,173)	-
Impairments	-	-	-	-
Reversal of impairments	-	-	-	-
Finance costs	-	-	-	-
Debt impairment	-	-	-	-
Collection costs	-	-	-	-
Repairs and maintenance	-	-	-	-
- Manufacturing expenses	-	-	-	-
Repairs and maintenance	(4,906,959)	4,593,707	(313,252)	(6.8)
- General	-	-	-	-
Repairs and maintenance	-	-	-	-
- General	-	-	-	-
Bulk purchases	-	-	-	-
Contracted Services	-	-	-	-
Grants Expense	(4,745,820)	5,174,000	428,180	8.3
Cost of housing sold	-	-	-	-
General Expenses	(57,612,958)	30,772,521	(26,840,437)	(87.2) These includes the expense for Ramaphosa housing project and Electrification payments for the prior year
Other (taken out of	-	-	-	-
General expenses)	-	-	-	-
Other (taken out of	-	-	-	-
General expenses)	-	-	-	-
Other (taken out of	-	-	-	-
General expenses)	-	-	-	-
Other (taken out of	-	-	-	-
General expenses)	-	-	-	-
Other (taken out of	-	-	-	-
General expenses)	-	-	-	-
	(115,295,251)	68,325,137	(46,689,247)	(68.3)
Other revenue and costs				
Gain or loss on disposal	(547,124)	-	(547,124)	-
of assets and liabilities	-	-	-	-
Gain or loss on exchange	-	-	-	-
differences	-	-	-	-
Fair value adjustments	127,247	-	127,247	-
Gains or losses on	(481,796)	-	(481,796)	-
biological assets and	-	-	-	-
agricultural produce	-	-	-	-
Income from equity	-	-	-	-
accounted investments	-	-	-	-

Appendix E(1)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2014

	Current year 2013 Act. Bal.	Current year 2013 Adjusted budget	Variance	Explanation of Significant Variances greater than 10% versus Budget
Gain or loss on disposal of non-current assets held for sale or disposal groups	-	-	-	-
Taxation	-	-	-	-
Discontinued operations	-	-	-	-
	(901,673)	-	(901,673)	-
Net surplus/ (deficit) for the year	6,032,992	191,895,085	(50,309,274)	(26.2)

Appendix E(2)

Budget Analysis of Capital Expenditure as at 30 June 2014

[illegible]